GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5652
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Capital Infusion in Banks
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has approved the second tranche of capital infusion in Public Sector Banks (PSBs) to enhance their capital base and if so, the details thereof;

(b) whether the PSBs have demanded more capital infusion in view of the capital constraints the PSBs are facing and if so, the details thereof and the action taken by the Government thereon;

(c) whether the infusion of such capital is sufficient enough to aid the PSBs to recover their huge financial losses and improve their lending capacities and if so, the details of the losses recovered by each bank thereof, bank-wise; and

(d) whether the Government has taken any other steps to improve the bank's lending capacities, enhance their asset quality and help them tackle the problem of increasing NPAs and if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(a) to (d): The Government infused a sum of Rs. 25000 crore in 19 PSBs during financial year 2015-16 and Rs. 24997.182 crore into 16 PSBs during the FY 2016-17.The capital is calculated/ provided keeping in view overall macroeconomic scenario , credit estimation, basel requirement and Reserve Bank of India recommendations if any. The Bank-wise details of capital infused into 16 PSBs during FY 2016-17 by Government of India are as under:

Rs. In Crore.

S.No.	Name of the PSBs	Total allocation
1	Allahabad Bank	451
2	Andhra bank	1100
3	Bank of India	2838
4	Bank of Maharashtra	300
5	Canara Bank	745.182
6	Central Bank of India	1397
7	Corporation Bank.	508
8	Dena Bank	1046
9	Indian Overseas Bank	2651
10	Punjab National Bank	2112
11	Syndicate Bank	776
12	UCO Bank	1925
13	Union Bank of India	541
14	United Bank of India	1026
15	State Bank of India	5681
16	IDBI	1900
Total		24997.182

Government has also allowed all PSBs to raise capital from Public markets through Follow-on Public Offer (FPO) or Qualified Institutional Placement (QIP) by diluting Government of India holding upto 52% in phased manner based on their capital requirement, their stock performance, liquidity, market conditions etc.

The Government has taken sector specific measures (Infrastructure, Power, Road, Textiles, Steel etc.) where incidence of NPA is high. The Insolvency and Bankruptcy Code (IBC) has been enacted and Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) and the Recovery of Debts due to Banks and Financial Institutions (RDDBFI) Act have been amended to improve resolution / recovery of bank loans. Six new Debt Recovery Tribunals (DRTs) have been established for improving recovery. RBI has provided a number of tools in this regard − Corporate Debt Restructuring (CDR), Formation of Joint Lenders' Forum (JLF), Flexible Structuring for long term project loans to Infrastructure and Core Industries (5/25 Scheme), Strategic Debt Restructuring Scheme (SDR) and Sustainable Structuring of Stressed Assets (S4A).

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